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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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JUN 13 1974



The Honorable Paul Findley  
House of Representatives

Dear Mr. Findley:

This is in response to your recent letter asking whether the Administration acted within existing laws in expending \$12 million to print gasoline rationing coupons. You also ask whether the Administration has authority to expend money for storage of the coupons.

The Federal Energy Office (FEO) has contended, in letters to this office and to the Chairman of the Subcommittee on the Department of the Interior and Related Agencies, House Committee on Appropriations, and in testimony before both House and Senate Interior Appropriations Subcommittees, as well as the House Legal and Monetary Affairs Subcommittee of the Committee on Government Operations, that expenditures for the printing of a 3-month supply of coupons were authorized by the Supplemental Appropriations Act, 1974, Pub. L. 93-245, enacted January 3, 1974. A total of \$11,545,000 was appropriated for "Salaries and expenses," with a proviso that \$10 million was to be set aside as a contingency reserve, to be available only if the Emergency Energy Act or similar legislation was later enacted. The funds for the initial printing of coupons were drawn from the remaining \$23,545,000.

While the language of the Supplemental Appropriations Act does not specifically mention rationing, the hearings and floor debate on the measure reflect deep congressional concern as to whether the Administration was prepared to take the necessary steps, should the Arab oil embargo continue much longer. Recognizing that a program as complex as rationing cannot be instituted overnight, both House and Senate appropriations committee members urged FEO witnesses to "gear up," should it be necessary to issue coupons. See, for example, the statement by Senator Alan Bible, Chairman, Subcommittee on Interior and Related Agencies, Senate Committee on Appropriations, at Hearings on the Supplemental Appropriations Act, 1974, November 19, 1973, p. 765. After expressing grave concern about the effect of the Arab embargo on the supply of gasoline, he told the witness, (Mr. Erich R. Zausner, Deputy Assistant Secretary, Management, Department of the Interior):

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"You had better gear up to take care of it [the coupon rationing option] under the most pessimistic conditions.

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that is your responsibility and we have to live up to it."

Various members of the House Subcommittee on the Department of the Interior and Related Agencies, Committee on Appropriations, expressed similar concerns about the Mid-East oil crisis and the actions the Administration was taking--or was failing to take--to alleviate the situation. Representative Clarence D. Long, after observing to witnesses before the Office of Oil and Gas that "It sounds to me like we are in deep trouble," said:

"\* \* \* There seems to me a real difference between rationing and allocation: allocation is to make sure that oil in one part of the country becomes available to another part of the country, so that there aren't surpluses in one area and shortfalls in another, but the rationing is a device for making sure that Congressman Long or anyone else doesn't use as much gasoline and oil as he has used in the past.

\* \* \* \* \*

"To keep the demand down, to sharply reduce demand, unless you see that clearly, then you don't see your job, as I see it. You have got to sharply reduce the demand, consumption. Rationing is a way to do it, simply because you can't do it by exhortation. You have to tell a person, 'Sir, you are not going to get fuel.'"

He then criticized the Administration for not having "looked far enough down the road" to make sure that the rationing system would be effective soon enough to deal with the problem. Hearings on Supplemental Appropriations, 1974, House Subcommittee on the Department of the Interior and Related Agencies, November 7, 1973, pp. 524-525.

We believe that these and other excerpts from the legislative history support the FEO position that the Congress intended and indeed encouraged the use of a portion of the funds marked "Salaries and expenses" to pay the costs of an initial printing of rationing coupons.

In any event such doubts as may exist as to the authority to obligate funds in order that the ration coupons could be printed have been cured by the action taken by Congress in enacting the Second Supplemental Appropriations Bill, 1974, which, according to both the House and Senate

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Committee reports, makes \$13,739,250 of the \$18,000,000 supplemental appropriation for the Office of Oil and Gas of the Department of the Interior available for the printing and storage of gasoline ration coupons.

With respect to your inquiry about a proposed expenditure of \$100,000 per year to store the gas ration coupons, we were advised by the FEO that there will be no annual storage costs per se charged to the Federal Government. However, the FEO is responsible for transporting the coupons by armored carrier to the various storage sites selected, and for reimbursing the agency in charge of each storage site for "handling costs"—that is, the costs of receiving the coupons in storage, and of reloading the coupons for transport to distribution points, should that ever become necessary. The total estimated transportation costs are \$90,765, and handling charges are estimated at \$46,750, according to the interagency agreements we examined. These are overall costs and not annual expenditures, of course. Such charges are a necessary part of the production of the rationing coupons and we believe they are authorized on the same basis as the initial printing costs.

We hope the foregoing information will be of assistance.

Sincerely yours,

R.F.KELLEN

Deputy } Comptroller General  
of the United States

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